

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

DOT-00 INR-07 NSAE-00 FAA-00 PM-03 H-02 L-03 NSC-05

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FM USMISSION USBERLIN

TO SECSTATE WASHDC 1127

AMEMBASSY BONN

INFO AMEMBASSY LONDON

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SUBJECT: AEROAMERICA

REF: A. BONN 10711 B. USBERLIN A-229, 2 DEC 74 C. USBERLIN 1919 4 NOV

74

1. 1. SUMMARY: WHILE AGREEING WITH EMBASSY THAT THERE MAY BE VALID REASONS TO DEFER ACTION ON AEROAMERICA'S FUTURE, MISSION BELIEVES SEVERAL IMPORTANT CONSIDERATIONS ARGUE IN FAVOR OF EXAMINING NOW AEROAMERICA'S APPLICATION FOR CONTINUED CHARTER SERVICES AFTER 1 NOVEMBER AND FOR REGULARLY SCHEDULED SERVICE TO SAARBRUECKEN COMMENCING 1 NOVEMBER. CHIEF AMONG THESE IS AEROAMERICA'S NEED TO BE ABLE TO MAKE COMMITMENTS FOR THE 1975-1976 WINTER SEASON. END SUMMARY

2. MISSION HAS DISCUSSED AEROAMERICA'S PERFORMANCE DURING CURRENT SUMMER SEASON WITH SEVERAL AVIATION PERSONALITIES IN BERLIN, ALL OF WHOM AGREE WITH EMBASSY'S OBSERVATION REF A THAT AEROAMERICA'S PERFORMANCE TO DATE HAS BEEN EXEMPLARY. THIS ASSESSMENT INCLUDES OBSERVATIONS BY FAA INSPECTORS RESPONSIBLE FOR EXAMINING AEROAMERICA'S

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FLIGHT OPERATIONS AND MAINTENANCE, AND GRUDGING

PRAISE FOR AEROAMERICA'S SERVICE TO TRAVELLER FROM PAN AM DIRECTOR GALLAGHER. BERLIN SENAT INCIDENTALLY, WAS DEEPLY APPRECIATIVE OF AEROAMERICA'S WILLINGNESS TO FLY TERRORISTS FROM BERLIN DURING LORENZ AFFAIR. STATISTICS FOR FIRST TWO MONTHS OF SUMMER SEASON (MAY, JUNE) SHOW AEROAMERICA IS CARRYING FULLY 30 PERCENT OF CHARTER TRAFFIC TO AND FROM BERLIN. AEROAMERICA'S EUROPEAN GENERAL MANAGER MATHUS SHOWED US DATA INDICATING HIS 149-PASSENGER BOEING 720'S ARE CURRENTLY FLYING WITH LESS THAN HALF DOZEN EMPTY SEATS. PERHAPS MOST TELLING INDICATOR OF AEROAMERICA'S PERFORMANCE IS AGREEMENT BY BERLINER FLUG RING (LARGEST TOUR OPERATOR IN BERLIN) TO CONTRACT WITH AEROAMERICA FOR ENTIRE 1975-76 PROGRAM.

3. ON BASIS OF THIS ENCOURAGING ASSESSMENT OF AEROAMERICA'S PERFORMANCE TOGETHER WITH MATHUS'S STATEMENT THAT ITS BERLIN OPERATIONS ARE BLACK, WE ARE INCLINED TO FAVOR FAIRLY EARLY ACTION IN CAA FORUM ON FUTURE AEROAMERICA OPERATIONS. WE UNDERSTAND FROM MATHUS THAT BERLINER FLUG RING AND OTHER TOUR OPERATORS WILL BEGIN NEGOTIATING FOR NEXT SUMMER'S SERVICES IN AUGUST. IT SEEMS TO US THAT IF AEROAMERICA DOES NOT HAVE SOME INDICATION OF FAVORABLE CAA POSITION ON ITS FUTURE OPERATIONS IN BERLIN AT EARLY STAGE IN THESE CONTRACT NEGOTIATIONS, IT WILL BE AT DISADVANTAGE VIS-A-VIS COMPETITORS. WE WONDER, THEREFORE, IF WE WOULD NOT BE PLAYING BRITISH GAME IN STRINGING OUT ACTION ON AEROAMERICA'S FUTURE.

4. ANOTHER FACTOR WHICH HAS STRUCK US IS THAT, IN CONTRAST TO STEADY DECLINE IN IGS TRAFFIC, NON-SCHEDULED TRAFFIC HAS BEEN STEADILY INCREASING OVER THE PAST 4 YEARS. BELIEVE THESE STATISTICS ON EXPANDING CHARTER MARKET WOULD BE USEFUL IN ALLEVIATING BRITISH CONCERNS THAT ITS SUPPLEMENTAL CARRIERS STAND TO LOSE HEAVILY AS RESULT OF AEROAMERICA'S CONTINUED PRESENCE IN BERLIN. WITH REGARD TO AEROAMERICA'S LACK OF CAB CERTIFICATION, BERLIN NEWS-PAPER TAGESSPIEGEL JULY 3 REPORTED CAB HAD GIVEN AERO-AMERICA PARENT COMPANY PERMISSION TO TAKE OVER MANAGEMENT OF MODERN AIR'S OPERATION IN THE US. MATHUS COMMENTED THAT LIMITED OFFICIAL USE

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THIS PERMISSION, WHICH WAS GRANTED ABOUT A MONTH AGO, WAS MOST IMPORTANT STEP TOWARD AEROAMERICA'S EVENTUAL PURCHASE OF MODERN AIR AND ACQUISITION OF MODERN AIR'S CAB CERTIFICATION. (CAN DEPARTMENT CONFIRM THIS INFORMATION?)

5. IN REVIEWING AEROAMERICA'S JUNE 18 APPLICATION FOR SAARBRUECKEN SERVICE, OUR INITIAL REACTION IS FAVORABLE. PROPOSAL OFFERS TRAVELLER NON-STOP SERVICE TO IMPORTANT

AREA IN HALF THE TIME AND AT 60 PER CENT OF PRICE OF PRESENT
ROUND ABOUT SERVICE. BERLIN'S AIR SERVICE WILL THEN BE IMPROVED
BY SAARBRUECKEN FLIGHTS. AS REGARDS EMBASSY'S UNCERTAINTY
AS TO WHETHER F27 WOULD BE SUFFICIENTLY UTILIZED ON THIS
ROUTE TO JUSTIFY ACQUISITION SOLELY FOR THIS OPERATION,
WE WERE TOLD BY MATHUS IN CONFIDENCE THAT HE CONTEMPLATING
USING SAME AIRCRAFT FOR CHARTER SERVICES TO BALTIC AND
NORTH SEA RESORTS, SPECIFICALLY LUEBECK AND EAST FRIESIAN
ISLANDS.

6. IN SUMMARY, AEROAMERICA IS OFF TO GOOD START WITH
COMPETENT PEOPLE (MOSTLY FROM MODERN OPERATION) RUNNING
BERLIN OPERATION. PRESS APPEARS FAVORABLE TO AIRLINE,
AND BERLINER FLUG RING, WHICH HAS TOLD US
MANY TIMES OF ITS PREFERENCE TO USE AMERICAN CARRIER, HAS
NEVER BEEN RELUCTANT TO APPLY PRESSURE ON ALLIES THROUGH
MEDIA (REF C FOR EXAMPLE). ALTHOUGH PAN AM IS AFFECTED
COMPETITOR, IT, TOO, IS BENEFITTING FROM GROWING CHARTER
MARKET. IN OTHER WORDS, LEAVING AEROAMERICA IN STATE OF
UNCERTAINTY ABOUT POST-OCTOBER OPERATION COULD WELL BE
MISUNDERSTOOD HERE. GEORGE

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